THE INSURANCE EXPERT

| MOTOR
| COMMERCIAL
| HOME
| SPECIALITY

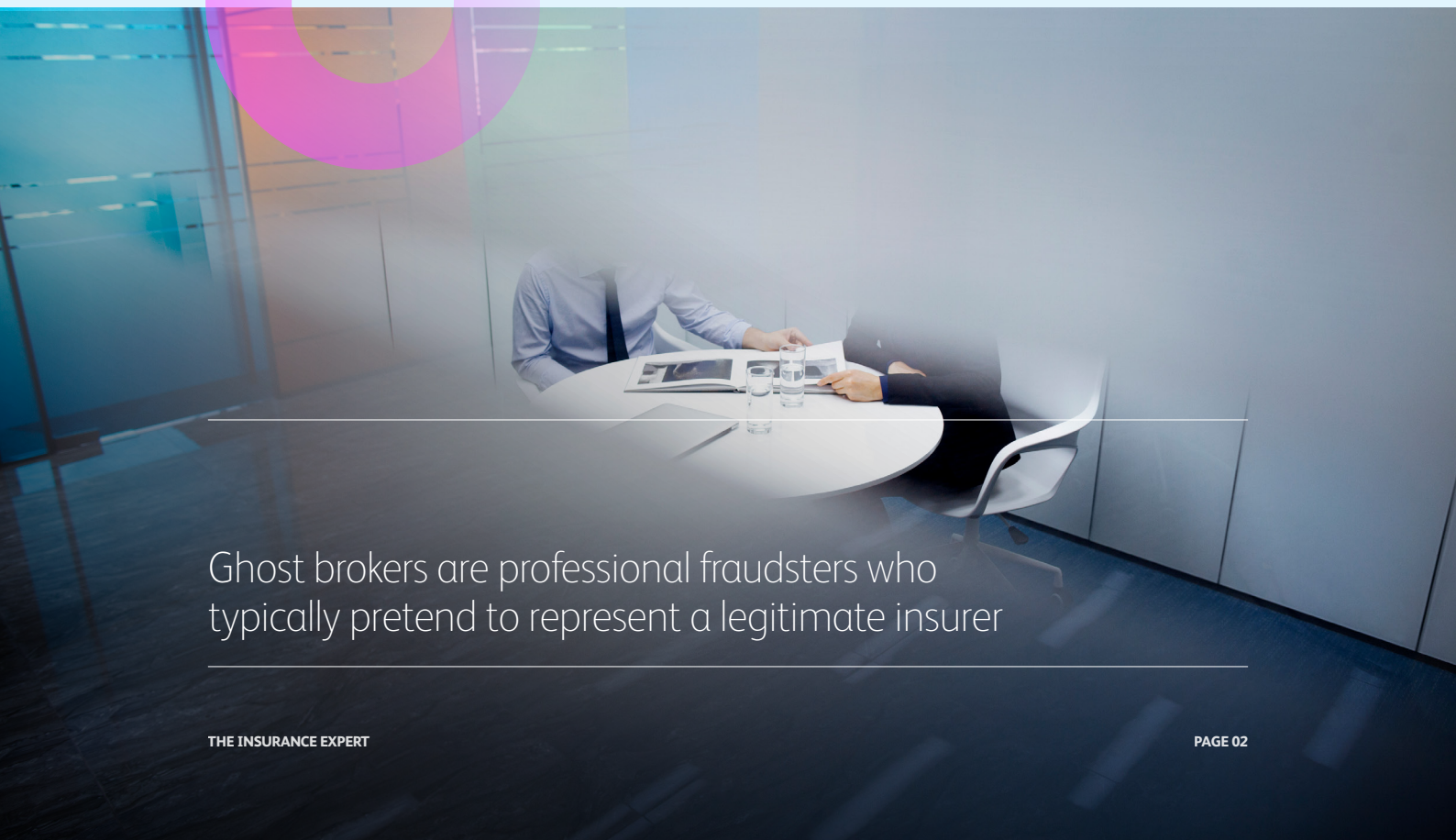
INSURANCE BROKER™

# MOTOR INSURANCE FRAUD

# HOW IS MOTOR INSURANCE FRAUD PERPERTRATED?

Professional fraudsters are not authorised to sell insurance to the public and are not regulated by the CBI.

Professional fraudsters, sometimes referred to as "ghost brokers", typically pretend to represent a legitimate insurer and sell forged documents to motorists, or falsify documentation provided to insurers to produce a lower cost premium. In the event of a claim arising, the motorist may be uninsured as a result.



Ghost brokers are professional fraudsters who typically pretend to represent a legitimate insurer

# HOW DO INSURANCE FRAUDSTERS OPERATE?

Fraudulent motor insurance policies are sold in two ways:

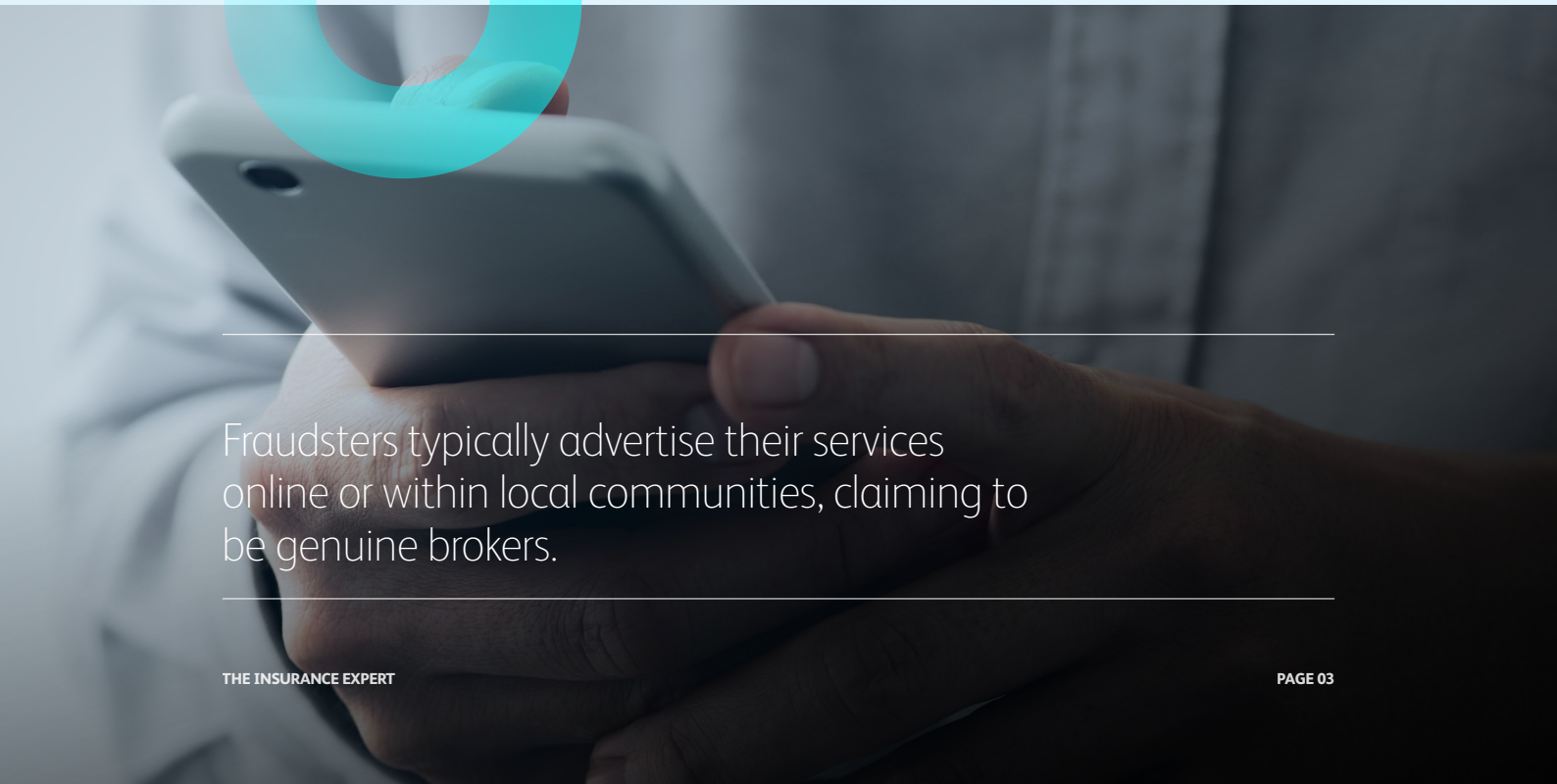
1. **Genuine policies are bought from legitimate insurance companies using false information before being sold onto customers.**

2. **Fake policy documents bearing the logo of legitimate insurance companies are created and sold on to customers.**

- These fraudsters typically advertise their services online or within local communities, claiming to be genuine brokers.
- Regrettably, foreign nationals are frequently targeted by these con-men.
- They obtain details from the customer and then amend these details (age, driving experience, value of car, penalty points etc) to mislead the insurer and secure a policy at a vastly reduced cost.
- In some cases, the insurance fraudsters are charging a fee of up to €300 for securing these policies to unsuspecting motorists.

Any of the above scenarios will result in an invalid policy, which can subsequently be cancelled or declared void when discovered by the insurer.

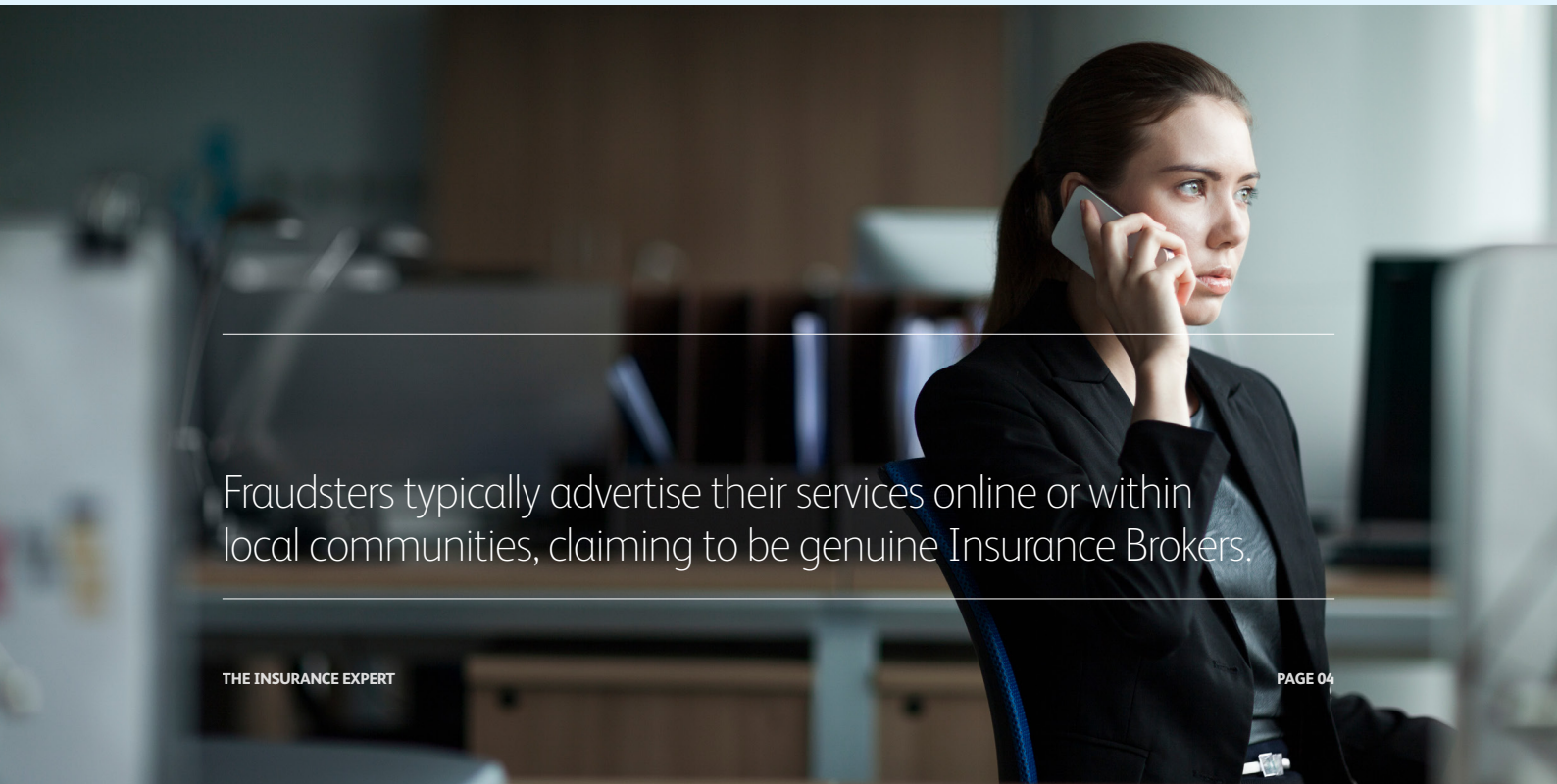
Because they are not widely recognised, "ghost brokers" can cause major problems with insurance policies. A study in March 2021 found that seven in ten (70%) motor insurance customers in Ireland are unaware of so-called ghost-broking.



Fraudsters typically advertise their services online or within local communities, claiming to be genuine brokers.

# WHAT ARE THE CONSEQUENCES FOR THE INNOCENT CUSTOMER OF BUYING A FRAUDULENT INSURANCE POLICY?

- Their insurance is invalid, and they are driving illegally
- They would be unable to make a claim
- They may be forced to pay costs which could run to thousands of euro if, for example, the customer in question was at fault for a crash in which a third party was injured
- The customer will have to pay for another, genuine policy



Fraudsters typically advertise their services online or within local communities, claiming to be genuine Insurance Brokers.

# HOW TO IDENTIFY A AN INSURANCE FRAUDSTER

Avoid paying for an invalid insurance policy by learning to identify the signs of an insurance fraudster or ghost broker and how to report them.

- **Location:**
  They may not have an office address, and therefore may ask to meet in a public place or call to your home.
- **Phone Number:**
  They may only use a mobile number, as they have no business landline, or even use Whatsapp
- **Email:**
  They may not have a business email and use their own e.g. Gmail/Hotmail account.
- **Advertising:**
  Insurance fraudsters have been known to use social media groups or classified advertisements on sites used for individuals selling items.
- **Criteria:**
  They ask fewer questions than a genuine insurer or genuine Insurance Broker.
- **Lower Premium:**
  Premium may be significantly cheaper than other quotes obtained by the potential customer.
- **Deposit/Payment:**
  They look for a large amount of cash up front as a "deposit" without giving a receipt.
- **Authorisation:**
  They can't provide any evidence they are an authorised intermediary (All insurance intermediaries must be registered with Central Bank and can be checked on the Central Bank of Ireland website).
- **Documentation:**
  They offer to provide documentation for the customer. e.g. Proof of No Claim Bonus. They may also only provide an Insurance Certificate and Disc and not the additional documentation that insurance companies are required to issue immediately.

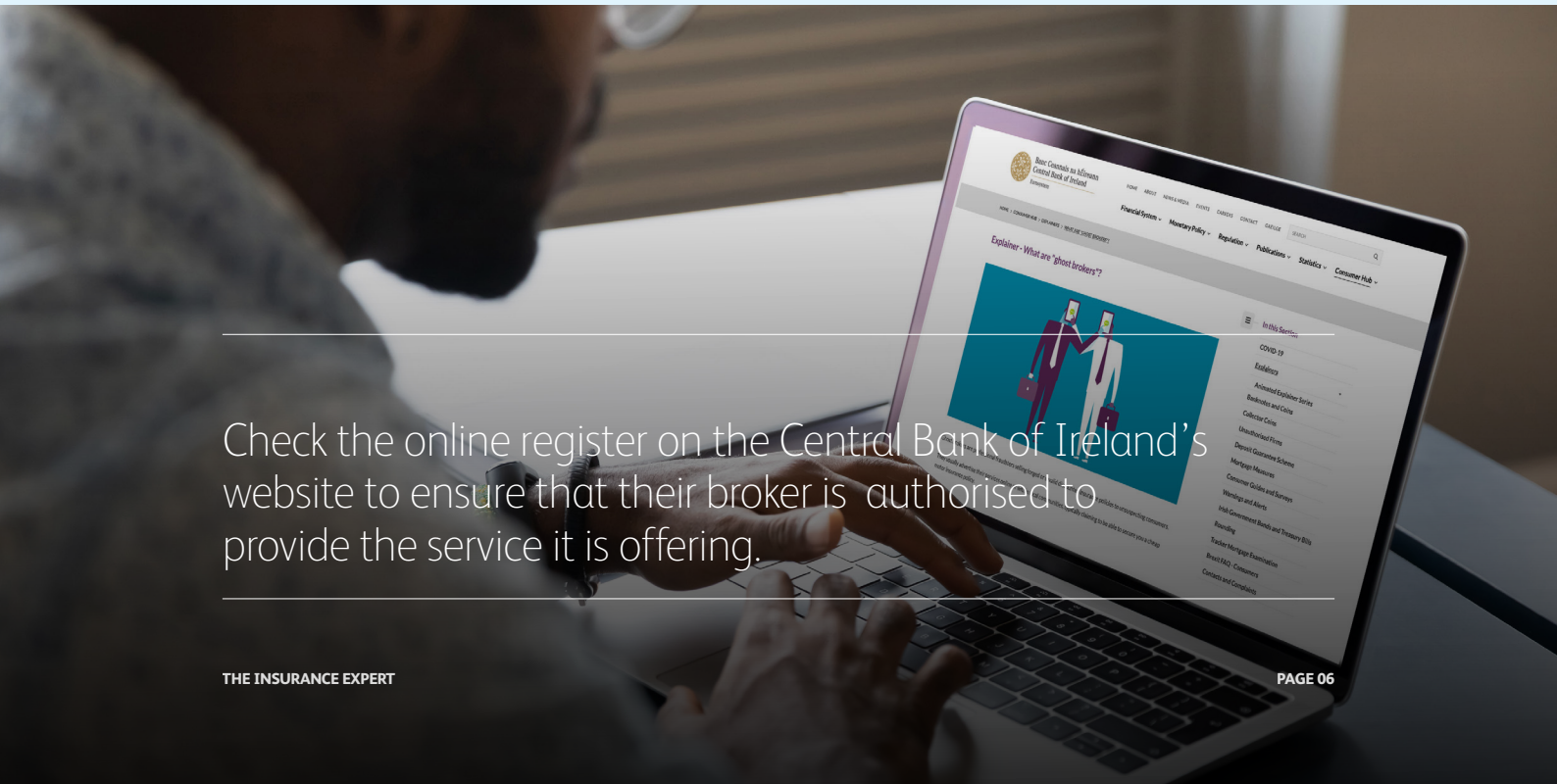
# HOW TO REPORT A INSURANCE FRAUDSTER

- Check the online register on the Central Bank of Ireland's website to ensure that the broker is authorised to provide the service it is offering.
- If you believe you have discovered an Insurance Fraudster or so-called ghost broker or you have found a suspicious advertisement, you should immediately contact your local Garda Station to report the suspected fraudster or advertisement.
- You can also report or query an unauthorised firm by emailing the Central Bank of Ireland's regulation division: enfllupu@centralbank.ie

If you have been a victim, or know someone who has been a victim, of a scam you can report this to Insurance Confidential: www.insuranceconfidential.eu

For further information on ghost brokers, see the Central Bank of Ireland's website: https://centralbank.ie/consumer-hub/explainers/what-are-ghost-brokers

For the Central Bank of Ireland's online registers, see registers@centralbank.ie

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